

## Message Text

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ACTION SPTA-02

INFO OCT-01 ARA-11 ISO-00 CIAE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
OMB-01 TRSE-00 /068 W  
-----089404 091452Z /47

P 091421Z MAR 79

FM AMEMBASSY PANAMA  
TO SECSTATE WASHDC PRIORITY 1388  
INFO SECDEF WASHDC PRIORITY  
PANCANAL PRIORITY  
USSOUTHCOM PRIORITY

LIMITED OFFICIAL USE SECTION 1 OF 2 PANAMA 01685

E.O. 12065: NA  
TAGS: PBOR, PN  
SUBJECT: TREATY IMPLEMENTATION: FOREIGN MINISTRY REQUEST  
FOR EARLY DISCUSSION OF PENDING ISSUES

1. ON MARCH 8, 1979, EMBASSY RECEIVED FOREIGN MINISTRY  
NOTE D.M. NO. 72/1085 DATED MARCH 6, 1979 WHICH  
READS AS (IN EMBASSY INFORMAL TRANSLATION):

2. "I HAVE THE HONOR OF ADDRESSING MYSELF TO YOUR  
EXCELLENCY WITH THE PURPOSE OF PROPOSING TO YOU  
THAT THERE BE DISCUSSION AS SOON AS POSSIBLE OF  
UNRESOLVED MATTERS ARISING FROM VARIOUS FORA,  
SO THAT THE PLANNING FOR THE IMPLEMENTATION OF THE  
TORRIJOS-CARTER TREATIES PROGRESS AT A SATISFACTORY  
RHYTHM.

"I CONSIDER THAT IT WOULD BE APPROPRIATE TO FORM  
WORKING GROUPS AT THE POLICY LEVEL AND WITH TECHNICAL  
ADVISORS OF BOTH COUNTRIES.

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"THE MOST IMPORTANT MATTERS THAT I BELIEVE NECESSARY  
TO BE CONSIDERED IMMEDIATELY ARE:

- 1) TRANSFER OF MOVABLE EQUIPMENT.
- 2) BILLING AND ESTABLISHMENT OF RATES FOR PUBLIC  
SERVICES IN THE AREAS OF COORDINATION.
- 3) WAGE AND LABOR POLICY OF THE CANAL COMMISSION.

4) TREATMENT OF NON-PROFIT ORGANIZATIONS.

5) TAX MATTERS

A) LIQUOR.

B) COMPANIES OPERATING IN THE CANAL ZONE.

C) RATE OF TAXATION FOR CONTRACTORS  
OF THE CANAL COMMISSION.

D) PAYMENT OF DEBTS OWED TO THE CANAL  
COMPANY (FOR EXAMPLE, PALO SECO, WATER,  
ETC.)

6) FINANCIAL MATTERS

A) SCHEDULING OF PAYMENTS TO PANAMA

B) TEN MILLION DOLLAR CONTINGENCY.

7) CONDITIONS OF BUILDINGS.

8) CONDITION OF PANAMANIAN DOCTORS IN THE CANAL  
ZONE AND OF THE GORGAS AND COCO SOLO HOSPITALS.

9) TREATMENT OF PANAMANIAN DEPENDENTS OF THE  
EMPLOYEES OF THE CANAL COMMISSION.

10) NECESSARY MEASURES TO PROTECT THE  
ENVIRONMENT OF THE CANAL WATERSHED.

11) TRANSFER OF CONTRIBUTIONS OF THE EMPLOYEES  
OF THE CANAL COMPANY TO THE PANAMANIAN  
SOCIAL SECURITY SYSTEM.

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"I TAKE THIS OPPORTUNITY TO REITERATE TO YOUR  
EXCELLENCY THE ASSURANCE OF MY HIGHEST CONSIDERATION."

3. WE ARE NOT TAKEN ENTIRELY BY SURPRISE BY THE  
FOREIGN MINISTER'S NOTE SINCE, DURING THE PAST  
SEVERAL WEEKS, VARIOUS GOP AND PCA OFFICIALS HAVE  
INDICATED TO US THAT THEY FEEL THAT THE ABSENCE  
OF ESSENTIAL POLICY DECISIONS IS RETARDING THE  
OTHERWISE GOOD PROGRESS ON THE TECHNICAL LEVEL  
OF WORKING OUT THE BEST WAYS TO IMPLEMENT THE  
TREATY. AT THE SAME TIME, IT HAS BECOME  
INCREASING CLEAR THAT HIGH-LEVEL GOP OFFICIALS  
HAVE BEEN JOCKEYING FOR POSITION TO PLAY A ROLE  
IN THE POLICY DELIBERATIONS ON THE PANAMANIAN SIDE.  
FOREIGN MINISTER OZORES, FOR EXAMPLE, WHO HAS BEEN  
VIRTUALLY UNHEARD FROM SINCE THE NEW GOVERNMENT  
CAME INTO POWER IN OCTOBER, NOW APPEARS TO BE  
INSISTING ON INCREASING USE OF THE FOREIGN MINISTRY  
CHANNEL FOR IMPORTANT COMMUNICATIONS. WE BELIEVE  
THAT FERNANDO MANFREDO'S LESS-THAN-HELPFUL  
PRONOUNCEMENTS ON RETROACTIVE TAXATION DURING THE

VISIT HERE OF THE MERCHANT MARINE AND FISHERIES  
COMMITTEE HAS HAD SOMETHING TO DO BOTH WITH PCA  
DIRECTOR GENERAL GABRIEL LEWIS' RELATIVE  
RETICENCE RECENTLY AND WITH AMBASSADOR LOPEZ-GUEVARA'S  
REAPPEARANCE ON THE SCENE TO HANDLE OUR INSISTENCE  
THAT THE GOP OFFICIALLY CONTRADICT MANFREDO ON  
BOTH RETROACTIVE TAXATION AND ON THE GOP ATTITUDE  
RESPECTING ARTICLE XIII 4(C). OF COURSE, HIGH-LEVEL  
GOP INTEREST IN TREATY IMPLEMENTATION IN GENERAL  
HAS BEEN HEIGHTENED RECENTLY BY THE U.S.-PANAMANIAN  
DIFFERENCES ON LOCOMOTIVE 299 AND ON PROTECTION OF  
THE CANAL WATERSHED.

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ACTION SPTA-02

INFO OCT-01 ARA-11 ISO-00 CIAE-00 PM-05 H-01 INR-10  
L-03 NSAE-00 NSC-05 PA-01 SP-02 SS-15 ICA-11  
OMB-01 TRSE-00 /068 W  
-----089472 091450Z /47

P 091429Z MAR 79

FM AMEMBASSY PANAMA  
TO SECSTATE WASHDC PRIORITY 1389  
INFO SECDEF WASHDC PRIORITY  
PANCANAL PRIORITY  
USSOUTHCOM PRIORITY

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4. WE WILL, OF COURSE, ACCEPT THE CONVOCAION FOR  
POLICY DISCUSSION; AND WE WILL WORK WITH THE GOP  
TO ESTABLISH THE FIRST MEETING AS SOON AS WE CAN  
GET READY. IT IS AS MUCH IN OUR INTEREST AS IN  
THEIRS TO CLEAR THE TABLE ON ANY ISSUES WHICH ARE  
LEFT PENDING BECAUSE OF DISAGREEMENTS IN TREATY  
INTERPRETATION OR ABSENCE OF POLICY DECISION.  
SOME OF THE ITEMS ON THE AGENDA CAN BE TURNED BY  
US TO OUR ADVANTAGE, AND WE WILL PRESS TO HAVE  
THOSE MATTERS TAKEN UP FIRST, ESPECIALLY SINCE IT  
SEEMS THAT A SERIES OF SESSIONS WILL BE NEEDED TO  
WORK THROUGH THE AGENDA. FOR MANY OF THE TIEMS IT  
IS CLEAR THAT OUR ROLE WILL BE TO HEAR WHAT THE GOP  
HAS TO SAY AND TO REPORT THAT TO ADDRESSEES OF  
THIS MESSAGE FOR CONSIDERATION. IT IS EQUALLY

CLEAR THAT, INASMUCH AS MOST OF THE AGENDA ITEMS  
TOUCH UPON MATTERS OF STRONG CONCERN TO PANCANAL  
AND SOUTHCOM,  
WE WILL BE WORKING CLOSELY WITH THEM IN RESPECT OF  
ANY OBSERVATIONS WE MAY WISH TO MAKE IN THE MEETINGS.

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5. ALL IN ALL, WE THINK THAT NOW IS A GOOD TIME TO  
CONDUCT A DIPLOMATIC REVIEW OF AT LEAST SOME OF THE  
OUTSTANDING ISSUES THAT HAVE EMERGED SO FAR IN OUR  
TREATY IMPLEMENTATION EFFORTS. WE WOULD APPRECIATE  
ANY THOUGHTS FROM ADDRESSEES AS TO ADDITIONAL  
AGENDA ITEMS WE MIGHT PROPOSE TO THE GOP. MOSS

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** MEETING AGENDA, GOVERNMENT MINISTRIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 09 mar 1979  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Drafter:** n/a  
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**Expiration:**  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**Page Count:** 4  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
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**Status:** NATIVE  
**Subject:** TREATY IMPLEMENTATION: FOREIGN MINISTRY REQUEST FOR EARLY DISCUSSION OF PENDING ISSUES  
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**To:** STATE  
**Type:** TE  
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**Review Markings:**  
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